

Message Text

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FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

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DRAFTED BY XMB: ANNA OHANIAN AND XMB LEROY M LAROCHE

APPROVED BY EB/OCA/CM/LKLIEFORTH

XMB:CLAYTON NORRIS

XMB: W W GLICK

EB/IFD/OFD/RSWART

NEA/EGY/G BROWN

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

UNCLAS STATE 170432

E.O. 11652: NA

TAGS: APUB, EFIN, EG

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO EGYPTIAN RAILWAYS

FOR YOUR INFORMATION ONLY, FOLLOWING IS REVISED FINAL TEXT
OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$2.7
MILLION TO EGYPTIAN RAILWAYS. RELEASE IS SCHEDULED FOR ANNOUNCE-
MENT HERE IN WASHINGTON, D.C. FOR AM PAPERS, TUESDAY,
JULY 22, 1975.

QUOTE:

EXIMBANK AUTHORIZES \$2.7 MILLION CREDIT TO SUPPORT \$6
MILLION SALE OF U.S. RAILROAD EQUIPMENT TO EGYPTIAN RAILWAYS.

TO SUPPORT A \$6 MILLION SALE OF U.S. RAILROAD LOCOMOTIVE
COMPONENTS AND SPARE PARTS TO EGYPTIAN RAILWAYS, A SEMI-
UNCLASSIFIED

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AUTONOMOUS ENTITY OF THE GOVERNMENT OF EGYPT, THE BOARD OF
DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS
AUTHORIZED A DIRECT CREDIT OF \$2.7 MILLION, ACCORDING TO
EXIMBANK'S CHAIRMAN WILLIAM J. CASEY.

THE COMPONENTS AND SPARE PARTS ARE NEEDED IN ORDER TO MAKE MAXIMUM UTILIZATION OF THE RAILWAYS' PRESENT FLEET OF LOCOMOTIVES AND RAILCARS. ABOUT \$4 MILLION WORTH OF COMPONENTS INCLUDING COMPLETE ENGINES, ALTERNATORS, TRACTION MOTORS, TRANSMISSION, CRANKCASES AND CRANKSHAFTS WILL BE MANUFACTURED AND SHIPPED FROM GM'S LA GRANGE, ILLINOIS PLANT, AND THE BALANCE OF \$2 MILLION FROM SEVERAL DETROIT PLANTS. DELIVERS ARE EXPECTED TO BEGIN IN OCTOBER 1975 AND BE COMPLETED BY DECEMBER 1976.

THE EXIMBANK CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. SALE. A CREDIT OF \$2.7 MILLION FROM MANUFACTURERS HANOVER TRUST COMPANY OF NEW YORK WILL COVER ANOTHER 45 PERCENT OF THE TOTAL U. S. COSTS AND THE BORROWER WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE BALANCE OF U.S. COSTS. EXIMBANK'S INTEREST RATE OF 8 PERCENT PER ANNUM, COMBINED WITH THE INTEREST RATE FROM PRIVATE SOURCES AT CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF BETWEEN 9 PERCENT AND 9.25 PERCENT.

THE LOANS ARE TO BE REPAID IN 10 SEMIANNUAL INSTALLMENTS BEGINNING SEPTEMBER 5, 1976. REPAYMENT OF EXIMBANK'S CREDIT IS TO BE GUARANTEED BY THE CENTRAL BANK OF EGYPT, FOR AND ON BEHALF OF THE ARAB REPUBLIC OF EGYPT. UNQUOTE
KISSINGER

UNCLASSIFIED

<< END OF DOCUMENT >>

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